

US Dollar Bond Fund: Class C

Quarter 2 2025

Objective

To maximise total return through income and capital gains by investing in medium to high-grade US dollar-denominated debt securities with a short to medium-term maturity profile.

Investment policy

The Fund will target a weighted average duration of 2.5 years and will enhance returns through sector and credit diversification.

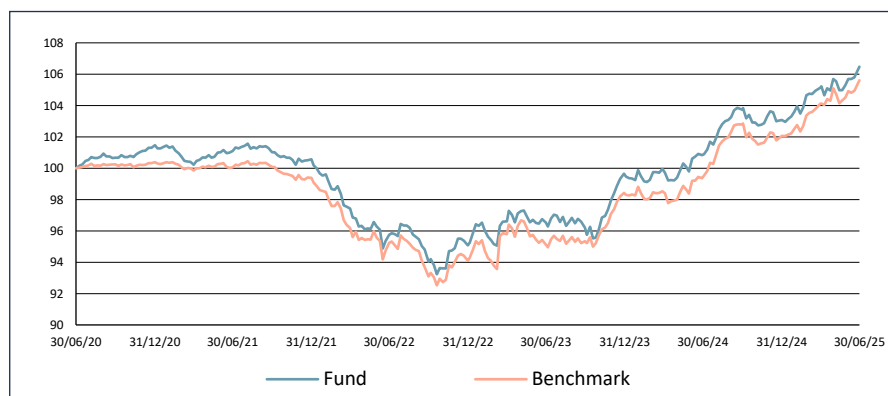
Investment process

The primary considerations for our fixed income investment choices are liquidity and safety of principal. Our philosophy is to focus on all elements of yield enhancement in order to incrementally outperform the benchmark on a consistent basis.

Key facts as at 30 June 2025

Currency	USD
Valuation	Weekly
Dealings	Wednesday
Front end fee	None
Units available	Accumulating
Identifier	BUTUSBC BH
Fiscal year end	30 June
Min. investment	USD 5 million
Total expense ratio	0.35%
NAV per share	USD 12.889
Size of fund (millions)	USD 141.4
Risk rating	Low risk/Low return

Performance chart



Average annual return and risk statistics

	QTD	YTD	1 year	2 years	3 years	5 years
Class C Return	1.26%	3.29%	5.59%	5.03%	3.60%	1.26%
Benchmark Return	1.43%	3.47%	6.26%	5.37%	3.50%	1.10%
Class C Standard Deviation	2.63%	1.86%	2.19%	2.89%	3.08%	2.78%
Benchmark Standard Deviation	2.30%	1.61%	2.38%	2.44%	3.04%	2.73%
Class C Sharpe Ratio	0.09	0.65	0.41	0.00	-0.31	-0.54
Benchmark Sharpe Ratio	0.17	0.87	0.66	0.13	-0.35	-0.61
Alpha	-0.17%	-0.18%	-0.67%	-0.34%	0.10%	0.17%
Tracking Error	1.34%	0.86%	0.81%	1.17%	1.11%	1.10%
Information Ratio	-0.13	-0.21	-0.83	-0.29	0.09	0.15
R-Squared	0.74	0.79	0.89	0.84	0.87	0.85

Fund review

The Class C shares of the Fund returned 1.26%, net of fees, during Q2, slightly underperforming the 1.43% return of the fund's benchmark. Performance was affected by the steepening in the US Treasury curve, as longer-dated bonds declined amid tariff-related uncertainty, conflicting Fed communication, and increased fiscal commentary. Shorter-duration securities held up better in comparison. Our allocation to inflation-linked bonds, which underperformed nominal Treasuries, also weighed on results. While we did increase credit exposure during the April–May market weakness, the subsequent sharp

rebound in risk assets moved faster than our more cautious positioning.

The second quarter was defined by a volatile mix of policy surprises, geopolitical tensions, and shifting macroeconomic signals. Markets opened on the back foot as Washington's abrupt "Liberation Day" tariff announcement in April triggered a sharp flight to safety. Investor sentiment was further tested in June when direct military exchanges between Israel and Iran caused a temporary spike in oil prices and haven demand. In both cases, however, the market response proved short-lived. Energy supply remained largely unaffected, and a swift rebound in risk appetite followed. Volatility declined, credit spreads tightened, and credit markets closed the quarter on a stronger footing.

In addition, throughout the quarter the Federal Reserve remained a source of relative stability. The policy rate was left unchanged, and balance sheet runoff continued as expected. Despite geopolitical uncertainty and easing inflation pressures, the Fed stuck to its data-dependent messaging. Markets began to firm around expectations for two 25bp rate cuts beginning later this year. However, longer-dated Treasury yields stayed elevated, reflecting rising term premium, persistent fiscal concerns, and an improving outlook for nominal U.S. growth. Inflation expectations also eased as commodity prices fell and global input costs softened despite the pressure from rising tariffs.

Credit markets tracked equity volatility closely, with spreads widening sharply in April before compressing into quarter-end. Risk sentiment improved swiftly, and while valuations became less attractive, corporate fundamentals remained broadly stable. Commodities and currency markets reflected the same push-pull dynamic

- oil and gold both spiked on geopolitical risk, though only gold held its gains. Meanwhile, the U.S. dollar weakened again, as investors questioned the long-term implications of rising deficits and unilateral trade policy.

Against this backdrop, the Fund remains cautiously positioned. We continue to run a defensive risk profile, but have been selectively adding credit exposure - particularly at the short end of the curve, where carry is compelling and duration risk is minimal. In order to reduce tracking error we continue to selectively increase spread duration, as dovish monetary policy and solid nominal growth should help credit spreads remain anchored.

We remain neutral in overall duration, but see U.S. rates as attractive unless the growth outlook re-accelerates meaningfully. Fiscal risks remain a dominant theme, but they are now well understood by the market. A greater source of volatility ahead would likely come from an unexpected growth rebound or a scenario in which the Fed delivers no rate cuts in 2025 - developments that could prompt a disorderly repricing across rates and risk assets. As such, we remain nimble and focused on preserving flexibility as the late-cycle environment continues to evolve.

Average duration and volatility

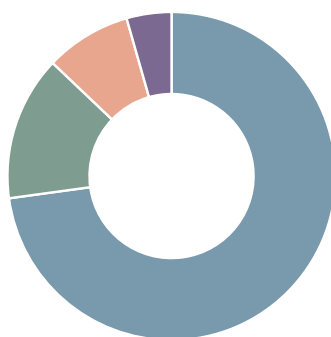
Duration	2.5 yrs
Volatility (10 yrs)	2.20%

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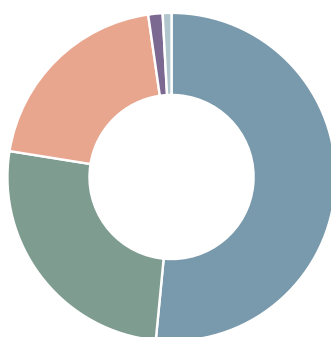
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Credit ratings



AA	72.8%
A	14.3%
BBB	8.5%
AAA	4.4%

Sector breakdown



Treasury	51.5%
Corporate	26.0%
Securitised	20.2%
Supra/Sovereign	1.4%
Cash	0.9%

Benchmark composition

100% of B of A Merrill Lynch 1-5 Yr US Gov/Corp AAA-A Rated.